



SOCIAL POLICY RESEARCH
ASSOCIATES

Consolidating Workforce Financial Aid

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CONSOLIDATING WORKFORCE FINANCIAL AID

Because of concerns that workforce financial aid in Washington may not be delivered in a way that increases access and ensures that trainees have enough resources to complete programs, the Workforce Training and Education Coordinating Board (WTECB) contracted with Social Policy Research Associates and its sub-contractor, the Social and Economic Sciences Research Center at Washington State University to conduct this study on financial aid for worker training. In collaboration with the Board's staff, the following six programs, as displayed in Exhibit 1 below, were selected for the study.

Exhibit 1: Programs Studied in this Report

Workforce Investment Act (WIA) Title 1B Adult and Dislocated Worker Programs
Trade Adjustment Assistance
Temporary Assistance to Needy Families (TANF) WorkFirst Financial Aid
Washington State Worker Retraining (Training Completion Aid)
Washington State Training Benefits
Vocational Rehabilitation Training

This report begins with an examination of the current structure and funding for student financial assistance provided through Washington's workforce development programs. We look at the general purposes of each program, services available, and eligibility criteria. The general purposes and eligibility criteria provide a useful basis to classify the programs in a way that will support analysis of potential coordination and consolidation issues. The report then examines the programs' structure and funding levels. The information in these initial sections sets the baseline for our understanding of potential coordination and consolidation issues. The final sections of the report discuss options for more efficiently and effectively providing student financial assistance available through those programs through coordination and consolidation.

Program Descriptions

Below, we present a description of the six major programs, beginning with U.S. Department of Labor-funded workforce programs (WIA and TAA), Health and Human Service funded TANF-WorkFirst, State funded programs (Worker Retraining and Training Benefits), and Vocational Rehabilitation, which is jointly funded by the US Department of Education and the State.

Department of Labor Funded Programs

Under WIA adult and dislocated worker and TAA programs, Federal policy has been to reduce the role of training, which is presumed to be the last service after re-employment services tested an individual's marketable skills.

WIA Adult and Dislocated Worker Programs

WIA has two funding streams, each with the goal of increasing employment, earnings, and retention of adult participants. The first of these, commonly referred to as the "adult" program, serves people who are 18 years and older, are legally entitled to work in the United States and have met selective service registration requirements. To be eligible for registration in the adult program, customers must be unemployed and in need of services to find employment or employed but in need of services to retain or obtain employment that allows for self-sufficiency. WIA adult programs must use low-income criteria when funding is limited, but the program is otherwise potentially open to persons of other income groups. In addition to priority for low-income customers, which include welfare recipients, there are also veterans' priorities for specific services.

The dislocated worker program serves workers who lost a job due to plant closures, company downsizing, or some other significant change in market conditions. In most cases, it must be unlikely that they will return to their previous employment and be eligible for, or have exhausted, unemployment compensation.

Both the WIA adult and dislocated worker programs share a common tiered service structure. All WIA participants, by federal statute, must receive at least one core and one intensive service and be determined unable to obtain or retain employment through intensive services in order to receive training services.

Exhibit 2 shows the service tiers and typical services.

**Exhibit 2:
WIA Tiered Services**

	Eligibility	Typical Services
Core services	Available to any job seeker	Self-service, labor exchange, workshops, assessment and services with limited staff assistance, information about other services
Intensive services	Staff-assisted services for job seekers who cannot find a job, or a job meeting the local test for self-sufficiency through core services	Staff-assisted case management, assessment, very short-term, non-occupational skill training
Training services	Job seekers who cannot find a job, or a job meeting the local test for self-sufficiency through intensive services	Occupational skill training primarily through Individual Training Accounts, but some contract-based training allowed

Trade Adjustment Assistance

The U.S. Department of Labor certifies worker groups who lose their jobs because of imports or shifts in production outside of the U.S. through a petition process. TAA-certified individuals are also eligible for basic and extended Trade Readjustment Allowance (TRA) benefits (equivalent to UI payment) when they have exhausted UI benefits, and enrolled in an approved training program. TAA services include One-Stop reemployment services, job search and relocation allowances, a Health Coverage Tax Credit (HCTC), and training, if required to obtain suitable employment of at least 80 percent of the pre-layoff wage.

Trade Readjustment Allowances, which are available under specified conditions from a separate fund, provide income maintenance support to TAA participants that have exhausted UI. The Employment Security Department's TAA unit approves all applications, once USDOL has certified the worker group. As with WIA, federal policy presumes training as the last in the tier of potential services. However, a large majority of Washington TAA participants do receive training services.

TANF-WorkFirst

The State Board for Community and Technical Colleges (SBCTC) awards block grants to 34 community and technical colleges (CTC) plus community-based organizations and private colleges, to deliver educational and job skills training services for WorkFirst parents and other low-income adults in their local communities under the 1996 welfare-reform law. The colleges offer both mainstream educational opportunities and specialized programs, including employment-focused training programs customized to meet the needs of the local economy and WorkFirst families.

This financial aid program supports up to twelve months of vocational education, childcare, and support services while a person receives WorkFirst cash assistance. Vocational education includes training that leads to a certificate or degree in a specific occupation at a public or private technical college or school, community college, or tribal college. Vocational education may be combined with work to meet the parent's work-participation requirement, when it is deemed necessary, through the comprehensive evaluation process, to become employed or get a better job.

There are two categories of recipients for WorkFirst education and training assistance: TANF recipients and low-income working parents. For those persons receiving TANF, a referral for education and training by the Department of Social and Health Services (DSHS) serves as verification of financial eligibility, and no further determination is required. For low-income parents, eligibility requires income at or below 175 percent of the Federal poverty rate.

Washington State Worker Retraining (Training Completion Aid)

The Worker Retraining Program is administered by the SBCTC, and has two major components: capacity building for worker retraining and targeted assistance for individuals eligible for UI benefits that either are unemployed or have received layoff notices. Community and technical colleges provide training in basic skills and literacy, occupational skills, vocational education, and classroom instruction for apprentices. Students qualifying for targeted assistance may receive tuition assistance, and financial assistance to complete training after other sources of income support have been exhausted. Given available funds, colleges authorize at least one quarter of Worker Retraining financial aid at the time the eligibility and training plan is established. Community and technical colleges may elect to use income guidelines to ration scarce financial aid funds although only five or six colleges currently do this.

Washington State Training Benefits

Training Benefits provide a stipend equivalent to unemployment insurance benefits for workers that have lost their job and are attending an approved, full-time vocational training program. This program follows the general eligibility requirements of Commissioner Approved Training, which waives the unemployment insurance work-search requirements for qualifying individuals who are in full-time training.¹

¹ Commissioner Approved Training has more generous eligibility and application deadlines than the Training Benefits program so not all CAT-approved are necessarily eligible for Training Benefits.

Training Benefits are paid after regular benefits have been exhausted. To be approved for Training Benefits, an application must be filed within 60 days, and participants must be enrolled in a training program within 90 days from the date of notification of Training Benefits eligibility or the reopening of an unemployment insurance claim. Beneficiaries may receive up to 52 times of weekly unemployment insurance benefit amounts, minus the amount of regular benefits received. Training Benefits can be paid up to the amount necessary for completion of approved training or until Training Benefits are exhausted, whichever comes first.²

Division of Vocational Rehabilitation

Vocational Rehabilitation is a state and federally sponsored program administered by the Department of Social and Health Services' (DSHS) Division of Vocational Rehabilitation. As a statewide resource for people with disabilities, it assists individuals with disabilities in getting and keeping a job. A two-year pilot grant program, which ended in June 2006, provided "Disability Navigators" in nine WorkSource Centers to help employ disabled persons.³

Vocational Rehabilitation serves individuals with physical or mental disabilities that make it difficult to get a job or keep a job that matches skills, potential, and interest. Vocational Rehabilitation offers a variety of re-employment and other services to assist people with disabilities to prepare for, get, and keep jobs. Training services in work skills are available for those who need them to achieve their employment goals. In addition, the training must address the disability. The majority of current Vocational Rehabilitation clients have mental health or developmental disabilities.

By federal statute, when the state agency cannot serve all eligible persons requesting services, staff must determine priority based on disability-related criteria. A counselor evaluates the eligibility information that identifies limitations resulting from the disability. Based on that review, the VR Counselor determines a priority level based on the severity of disabilities. In addition to assessing and verifying disabilities and their impact on employability, counselors work with clients to determine plans, and conduct an income test to determine the ability to contribute to the cost of training. In most cases, Supplemental Security Income and Old Age,

² A separate program, Commissioner Approved Training (CAT) allows Unemployment Insurance (UI) beneficiaries to collect UI benefits while attending an approved full-time training program, and exempts them from work search requirements. CAT does not pay for books, tuition or school related fees, nor does it extend UI benefits. <https://fortress.wa.gov/esd/portal/unemployment/benefits/claimskit/c/t1/view>

³ The Disability Program Navigator Initiative is a program established and administered by the Department of Labor and the Social Security Administration. It is coordinated in Washington through the Governor's Committee on Disability Issues and Employment in partnership with the Workforce Disability Network.

Survivors, and Disability Insurance recipients are presumptively eligible for vocational rehabilitation services. According to estimates by State program respondents, approximately 70 percent of current cases involve developmental disabilities or mental health issues. Currently, there is a substantial waiting list for all but individuals with most severe disabilities.⁴

Program Structure and Funding

This section describes the program structure, funding mechanisms, and where possible based on the data collected to date, provides details on average levels of funding and duration of training for individuals. These details are summarized in a matrix in Exhibit 3 below.

**Exhibit 3:
Program Expenditures**

	Program Expenditure	Number of Participants	Financial Aid	Number Receiving Aid
WIA-Adult	\$33,861,655	7,131	\$3,755,384	3,755
WIA-Dislocated Workers	\$46,219,822	9,887	\$8,031,518	6,440
TAA	\$15,766,258	5,715	\$13,293,016	4,858
TRA	\$17,942,329	962 ⁵	\$17,772,329	962
WorkFirst	\$56,000,000	10,619 ⁶	\$18,424,943	10,619
Worker Retraining	\$34,231,464	16,356	\$11,500,000	6,936
Training Benefits	\$14,600,000	2,482	\$13,100,000	2,482
Vocational Rehabilitation	\$55,932,489	11,905	\$6,025,087	1,773
Total	\$274,554,017	64,095	\$91,902,277	36,863

⁴ As of January 2006, there were 11,436 on the waiting list, including 5 persons with most severe disabilities (priority 1); 10,424 with severe disabilities (priority 2); and 1,007 with disabilities (priority 3).

⁵ Nine hundred sixty-two participants already counted as TAA and not included in total.

⁶ SBCTC only. Data for WorkFirst participants in other training components to be included when available.

Both WIA programs share the same basic structure for training. Training generally occurs through Individual Training Accounts that provide customers with a choice of programs and vendors on the state's eligible training provider list.⁷ Organizationally, both programs must be available from the One-Stop system. Local areas set caps on tuition and books and materials for both Adult and Dislocated Worker programs. In the sites visited as part of this study, caps ranged from approximately \$2,000 to \$8,000, with caps for the Adult program being at the lower end of the scale. Customers are served on a "first-come first-served" basis. Program funds for other major categories besides tuition include contract training (customized, and on-the job training), intensive services, case management, supportive services, and core services (in some areas) and One-Stop center operations.

WIA Adult. WIA Title I-B Adult funds are allocated by the U.S. Department of Labor (USDOL) through formula funding to the State Employment Security Department, which acts as fiscal agent for the funds. Eighty-five percent of program funding for the Adult program is disbursed to local areas according to a formula, with the remaining 15 percent at the state level. The total Program Year (PY) 2004 accrued expenditures for the WIA Adult program was \$33,861,655. Of this amount, \$3,755,384 was expended on tuition for workforce training through individual training accounts.⁸ Of 7,131 participants, 3,755 persons received training services, and of those, 1,706 received some form of supportive service. The average amount of student financial assistance provided was \$2,717 and the average duration of program participation was less than 48 weeks.⁹

WIA Dislocated Worker Program. WIA Title IB Dislocated Worker funds are also allocated by USDOL through formula funding to the Employment Security Department. At least 60 percent of funds are disbursed to the Workforce Areas under formula allocations, with the remainder for use in administration, Governor's discretionary activities, and rapid response activities during major dislocations. The total PY 2004 accrued expenditures for the Dislocated Worker program was \$46,219,822. Of this amount, \$8,031,518 was used for training services using individual training accounts.¹⁰ Of 9,887 program participants, 6,440 persons received

⁷ There are some exceptions, such as customized training with employers and contracted training for persons with barriers.

⁸ Dollar amounts for WIA training programs exclude supportive services such as books, uniforms, tools, transportation, and childcare.

⁹ WIASRD data, as reported by the state, does not record training duration. Total program participation is 48 weeks for adults.

¹⁰ Tuition only; does not include other supportive services.

training services, and, of those, 1,582 received supportive services. The average amount of student financial assistance was \$2,740, with an average program duration of less than 82 weeks.¹¹

Trade Adjustment Assistance. States receive an annual allocation of U.S. Department of Labor funds through a formula based on past expenditures and enrollment in the program. For the period from July 2004 – June 2005, total accrued expenditures were \$15,766,258 including a small amount of funding from continued payments through the former NAFTA/TAA.¹² The state centrally administers these funds, with individuals applying for benefits at local WorkSource centers, where, with local approval, they establish a training agreement with local training providers on the eligible training provider list. Rationing of funds has never been an issue in Washington, as there have always been Federal replenishments of TAA. A large majority, 4,858 of the 5,715 program enrollees, received tuition assistance for training. Expenditures for transportation and subsistence totaled \$756,812 and \$378,230 respectively, for 301 of the trainees. The average amount of tuition assistance provided through the program for this period was \$2,304, with an average training duration of approximately 32 weeks.¹³

Trade Readjustment Allowance (TRA). Outside the TAA program budget, 962 TAA participants also received TRA assistance from the Unemployment Contingency Fund after having exhausted regular UI benefits. Of a total budget of \$17,942,329, the amount paid to TRA recipients was \$17,772,329.¹⁴

TANF WorkFirst. The Department of Social and Health Services (DSHS) receives a block grant from the Federal Department of Health and Human Services under the Personal Responsibility and Work Opportunity Reconciliation Act to provide welfare payments and

¹¹ Based on WIASRD data, total program participation is 82 weeks for dislocated workers.

¹² Total TAA including NAFTA: \$13,293,016 excluding administration costs.

¹³ Based on TAPR for TAA data reported by the state for FY 04 for 474 training participants. Of 1916 exited participants reported during that year, only 474 had training dates with both a beginning and an end date. The average figure of 223 days may also overestimate training duration, because it may include any long breaks in training for a variety of reasons.

¹⁴ The amounts of TRA paid during PY 04 are as follows: Basic TRA, \$ 7,194,171; Additional TRA \$10,578,158. Approximately \$170,000 was spent on TRA administration.

related assistance. In one of its component programs, DSHS then contracts with the State Board for Community and Technical Colleges (SBCTC) for education and training services.¹⁵

SBCTC funds are rolled out using a block grant to all of the state's community and technical colleges. Private career schools and colleges, and community-based organizations on record as WorkFirst pre-employment training providers when WorkFirst block grants were implemented in 2002-2003 can also get funds. During the first two years of funding, each institution received a fixed share of funding. Beginning in 2004-05 through 2006-07, funding formulas have increased the share of performance-based allocations from 10 percent to 30 percent.

Total accrued expenditures for TANF workforce-related programs during for the July 1, 2003-June 30, 2004 year were approximately \$56,000,000.¹⁶ Of the \$22,457,078 granted to SBCTC, 85 percent of this amount was spent on workforce training, with the majority of funds being spent on customized job skills or integration of basic skills with technical skills training, which are short-term courses ranging from 8 to 22 weeks, with an average duration of 12 weeks of training. The SBCTC grant program served 10,619 participants. A total of \$12,389,812 was expended for short-term training at community and technical colleges (\$11,918,812) and private career schools and colleges (\$471,000). In addition, WorkFirst Financial Aid and Work-based Learning Tuition Assistance, which is typically for longer-term training, accounted for \$3,782,523.¹⁷ Three models of service are described below:

- **Customized and basic skills at community colleges.** Customized job skills and integration of basic skills with technical skills training programs are offered to WorkFirst students only. The programs are scheduled and coordinated by the colleges' WorkFirst programs. The WorkFirst program pays for the equipment, materials, supplies, rent, instruction, and all instructional related costs. There is no tuition charged to individuals for these programs. In 2003-2004, of the total 4,077 enrollments, there were 2,287 WorkFirst students in programs of this type, with an average expenditure of \$5,212 per student. WorkFirst students who enrolled in these programs, but who did not receive WorkFirst Tuition and Book

¹⁵ Other elements of the WorkFirst program, such as a work experience programs operated by the Department of Community, Trade and Economic Development and by the Employment Security Department for assessment and placement, are not discussed in this preliminary report, but will be treated in the final version of this report.

¹⁶ Includes expenditures through SBCTC, private career schools, CTED, and ESD. Does not include DSHS staff and administrative costs, nor does it include DSHS grants and childcare subsidies that are not specific to WorkFirst.

¹⁷ Expenditures related to just WorkFirst Financial Aid for Tuition and Books, as reported in the financial aid database, totaled \$3,077,444. These figures include students in customized training, High Wage/High Demand, and traditional vocational education programs. Other basic and/or job skills training accounted for \$3,019,106.

Assistance (see #3 below) typically use Pell Grants, State Need Grants, or other resources to fund their education.

- **Customized and basic skills at private career schools or colleges.** For the private career schools/colleges, there were 141 students in training in 2003-2004. Based on each organization's contract, there is an established rate per slot per organization and an established number of slots to be funded using WorkFirst funds. Per-slot costs range from \$4,119 - \$4,737. Using a weighted average, the average rate per slot is \$4,468.
- **Books and tuition expenses.** WorkFirst funds are used to pay tuition and book expenses. WorkFirst parents are referred to existing short-term and long-term training programs offered to all college students. These programs include customized job training, training in high wage/high demand occupations, and general vocational training programs and not to exceed one year in duration, and average between one to two quarters. WorkFirst funds are used to pay for tuition and books. Typically, WorkFirst funds are used in a bridge fashion, paying for the first or second quarter of tuition and books until an alternative form of financial assistance is secured.

Washington State Training Benefits. This program is financed through the State Unemployment Insurance fund and administered by the Employment Security Department. It does not pay for workforce training costs, and pays only student stipends. In program year 2005, total accrued expenditures were approximately \$14,600,000,¹⁸ and of this amount \$13,100,000 were paid in stipends. The program served 2,482 program participants during the year.¹⁹ Average weekly payments during that year were \$397 and average number of paid weeks in any program year is 14.5, for an average payment of \$5757 within the program year, and slightly longer in total for any given individual. Actual payments per individual across program years are approximately \$7000.²⁰

¹⁸ At the present time, no precise figures were available for administrative costs in recent years. Current estimate for administrative costs were extrapolated from 2001 data.

¹⁹ In FY 05, 1099 applications out of 5206 were approved. Most of the denials were for not meeting program eligibility requirements. Because the length of eligibility extend beyond program years, this figure is larger than number of in-year approvals, and there are substantial variances in year-to-year applications and approvals.

²⁰ Average number of weeks underestimates the average duration of payments to individuals. These payments come only after regular UI, extended UI if any, and TAA, so this picks up the ends of training programs. Because this is an "in-year" mean, and many programs overlap the end of year, the mean weeks paid per closed participant would be a number several weeks longer. Because no participant can receive state UI, including Training Ben for more than 52 weeks per layoff, it is rare that an individual's weeks received will exceed 26, even across consecutive years. As a result, TAA staff estimate that average payments across years to an individual are closer to \$7,000.

Washington State Worker Retraining (Training Completion Aid). This program is funded through the State's general fund as a line item appropriation and is administered by SBCTC. For fiscal year 2004 (July 1, 2003-June 30, 2004), accrued expenditures for the program during the relevant year were \$34,231,464. Of this amount, 71 percent was expended for enrollment support, which includes the development of instructional program infrastructure and student support services at colleges. The state expended \$8,968,644 (26 percent) on financial aid for workforce training, and another 3 percent on administrative costs. In FY 04, the program served 16,356 individuals (12,120 FTE), of whom 1,155 received training completion aid. The average award for training completion aid was \$1,560, with a median award size of \$1,088.

Division of Vocational Rehabilitation. Vocational Rehabilitations programs are jointly funded by the U.S. Department of Education (79 percent) and the State General Fund (21 percent). Of a total budget for federal fiscal year 2005 (10/1/04-9/30/05) of \$55,932,489, \$6,025,087 was expended for workforce training. Of a total 11,905 persons served during that year, 1,773 received occupational skills training. Average costs per individual for education and training services were \$3,409, with an average duration in training of 311 days.²¹ In addition to training, other major related categories of expenditures included assessment services (\$5,514,513); non-profit Community Rehabilitation Programs (\$10,374,007); Maintenance²² (\$528,677), and Rehabilitation Technology (\$893,061); and other services (\$3,754,019).²³

Coordination and Information

In examining workforce development financial assistance, we begin with a discussion of current practices involving co-enrollment and the sequencing of aid among the various programs under study. Financial aid through workforce programs differ in some important ways from traditional student aid, which is typically means-tested support based on the federal methodology, and typically includes grants, low-cost and near market-rate loans, and work-study. Some of the programs in this report also consider financial means in determining eligibility, but these programs are also primarily geared to employment outcomes. In terms of considering potential streamlining or consolidation, we have clustered programs as follows:

²¹ Average for rehabilitation case closures during the program year. Longer term supported employment plans require a non-Vocational Rehabilitation funding source for the supported employment arrangement of developmentally disabled or mental health clients.

²² Expenses for food, shelter, and clothing that are in excess of the normal expenses of the individual.

²³ An additional \$25,180,893 was used to purchase client services.

- Primarily **means-tested** programs, including WIA Adult (for intensive and training services) and TANF WorkFirst.
- Primarily **employment status**-related including TAA, WIA Dislocated Worker, Worker Retraining (Training Completion Aid), and State Training Benefits.²⁴
- Vocational Rehabilitation, which uses **disability**-related criteria in determining eligibility.

Support for participation in workforce training takes several forms, including payment of training costs such as tuition, living expenses or stipends, and the payment or provision of supportive services such as transportation and childcare, which enable participation in training. The following exhibit summarizes 1) the types of aid that the programs studied in this report provide; 2) information about order of priority when multiple aid sources are sequenced for a participant; and 3) the limits on the amount or duration of aid an individual may receive.

²⁴ It is important to note that these categories are not mutually exclusive. The WIA adult program also has elements of an employment status program, because a large proportion of participants are unemployed.

**Exhibit 4:
Program Characteristics**

	Pays tuition/ training costs	Order of Payment	Stipends	Support Services	Caps Or Limits
DISLOCATED WORKERS					
TAA	Yes	First payer ahead of Pell	TRA after regular & extended UI- also stipends for training away from home	Minor amount of transportation	Tuition cap \$10-12K
WIA – Dislocated Worker	Yes	Must also apply for other funding (Pell, Need Grants, Worker Retraining, etc.)	Only one WIB pays small amounts	Yes	Tuition caps locally determined - highest sampled was \$8,000 over 2 years
Training Benefits	No	Pays after all UI and TRA	Yes	No	Maximum total state UI plus Training Benefits of 52 weeks
Worker Retraining	Yes	Typically first quarter(s) until Pell or other payer	Usually as last resort for program completion	Yes	\$7,600 tuition cap for private school, public usually much less
LOW INCOME					
WIA Adult	Yes	Must also apply for other funding (Pell, Need Grants, etc.)	Only one WIB pays small amounts	Yes	Local tuition caps e.g. \$2,000
Work First TANF	Yes	First payer with offset for Pell or State Need grant- often pays only first qtr(s)	All receive TANF stipends: some also get on-campus work study wages paid by WorkFirst	Yes, DSHS generic childcare, & TANF transportation \$: some on-campus Wk 1st childcare	Capped by length- one year
Work First Low Income Parent	Yes	First payer with offset for Pell or State Need grant- often pays only first qtr(s)	None	May be eligible for DSHS generic child care	Capped by length- one year
DISABLED					
Vocational Rehabilitation	Yes	Presumptive payer minus financial aid (e.g. Pell) and recipient contribution subject to income	None	Can be extensive, including adaptive technology, child care, transport	No caps on training cost.

Payment of Tuition and Training Costs. All of the programs under study make direct payments for tuition, with the exception of the Training Benefits program. Although it does not directly pay training institutions, workers may choose to use their Training Benefits funds to pay for the costs of training.

Co-enrollment among Workforce Programs. Co-enrollment among programs varied across the sites we visited. In some of the smaller areas, particularly in areas in which WorkSource staff indicated that they have strong local partnerships in the community, co-enrollment is common. In these areas, dislocated workers are frequently co-enrolled in the adult program and funds from both programs are used. Similarly, vocational rehabilitation clients can be co-enrolled in WIA programs. In most cases, WIA co-enrollment with other programs is commonly used to provide supportive services that are not available through other programs. Even in areas in which co-enrollment is less common, it is used toward the end of training, particularly when WIA staff are fairly certain of good outcomes. WorkFirst does not typically co-enroll clients with other workforce programs, as most of the programs it funds are relatively short term in nature to get people into jobs as quickly as possible. There is relatively little vocational higher education provided through the program—rather the emphasis is on adult education, basic skills, including computer competency, and work readiness skills.

Order of Payment. With the exception of the training benefits program, all of the programs pay training costs. Program participants in WIA, TAA, Vocational Rehabilitation, WorkFirst, and Worker Retraining typically blend Pell and State Need Grants with program support. Other programs typically involve a mix of program funding and traditional aid as described in the exhibit above. Two programs, WIA and Pell, each require that other funds be used first, but the other programs do not have such limitations and thus they typically pay ahead of the more restrictive programs.

Caps on Training. Caps on tuition and other types of support are generally designed to increase access by restricting excessive concentration of funding among a few participants. With the exception of Vocational Rehabilitation, which by federal statute may not place limits on the dollar amount or duration of assistance, all of the programs studied have training caps. WIA caps are established locally, with caps ranging from \$2000 to \$8000. Worker retraining is capped at \$7,600, and WorkFirst programs provide a maximum of one year of tuition assistance. The state caps TAA tuition at \$12,000, and most students also receive UI or TRA payments. TAA's higher payment reflects the lengthy income support available, and thus allows its trainees to undertake longer, more costly training.

Support Services. WIA, Worker Retraining, and WorkFirst provide support services, and TAA will pay transportation costs for longer commutes as well as the cost of out-of-area job search and relocation. Vocational Rehabilitation funds extensive support services, which can include adaptive technology, childcare, and transportation.

Current Approaches to Providing Information on Financial Aid

At WorkSource centers, staff provide information on the array of programs at training sessions, career fairs, postings and displays in resource rooms, and through counseling or information sessions with staff. Re-training and financial aid options are presented during rapid response events occurring because of larger dislocations. In certain areas, such as King County, an information packet regarding training opportunities is included with letters to UI claimants.

Colleges also provide information to workers interested in training on financial aid options through brochures, campus newspapers, information racks, flyers at community events such as education and career fairs and in gathering places, as well as through mass emails to students, and electronic campus newsletters. Most colleges link prospective workforce retraining students to resources from the college's home page. Some colleges also provide more comprehensive electronic information for worker retraining, including interactive request forms.²⁵

Adequacy of Information on Financial Aid

Staff Perspectives. In most cases, the WorkSource and education staff that we interviewed indicated that there are no major problems in coordinating financial aid. Most of the respondents said that information coordination between the WorkSource and vendors (CTCs in particular) is excellent, particularly in the smaller cities and rural areas in our sample. For example, in Port Angeles, where all training is done by the local community and technical college, a committee of partners reviews individual training plans. Staff at several WorkSource sites in urban areas also indicated that coordination with community college and other vendors is good, but there are still substantial gaps in their knowledge of various financial aid options. These staff indicated that more information, including having an updated list of available sources of funding would be helpful in planning training with clients. Among the themes discussed with staff include the following:

²⁵ See for example, North Seattle Community College's page for prospective Worker Retraining Program students at <http://www.northseattle.edu/wrp/reqform.htm>. This relatively simple form that asks for name and contact information; the name of the company laying off and the layoff date; class hour preference; and study area of interest.

- **Lack of information on financial aid.** In Renton, for example, staff indicated that it was challenging for staff to be aware of all financial aid resources, because of the diversity of programs. They indicated the difficulties in reviewing any given individual's eligibility for all of sources of financial assistance, which, in addition to traditional financial aid and workforce programs. In addition, they also sought other forms of financial assistance from unions, GI Bill, and employers that were willing to subsidize training of potential employees.
- **A preference for expert coordination.** In Port Angeles, WIA and partner staff agreed that more information on financial aid programs is good, but that trying to learn eligibility rules and aid formulas in other programs would be "like practicing medicine without a license." In particular, respondents pointed to what they viewed as "opaque" requirements for Pell grants.²⁶ These staff thought that the most efficient leveraging of financial aid comes from allocating time for coordination with expert input from each partner program.
- **Limitations in leveraging traditional financial aid.** Respondents at several sites indicated that many of their customers were in default on student loans, which caused major problems with Pell eligibility.
- **Limitations to marketing.** In the sites we visited, if walk-in customers request training, they are referred to WIA staff, who place them in core services and then determine eligibility for intensive and training services. However, because of tight funding levels, there is sometimes hesitancy to market WIA services if that would create demand that could not be fulfilled.
- **Limited local training opportunities.** In rural sites, local options for classroom-based training are often limited and alternatives to classroom training, such as on-the-job training may account for a larger proportion of training than it does in urban areas. In Colville, for example, although there is good information on area training options, many involve long commutes, and those programs that are available locally do not necessarily yield local job placements because of the small size of the labor market.

Participant Perspectives. Most of the participants that we interviewed found the process of obtaining financial aid relatively smooth, and most indicated that they have relatively few difficulties in navigating the system. TAA participants, as might be expected from a program that offers high levels of benefits, indicated little problem with either accessing adequate financial aid or finding information about aid options.

However, a few participants did not know what is potentially available. For customers in other programs, several did indicate considerable difficulty with accessing information on the variety of program funding, and with the need to consult multiple agencies. One example is a nursing

²⁶ One example they cited is that under Pell, a one-year certificate may be considered as degree program, and that a person that has completed such a program loses eligibility for subsequent aid.

student with very few resources, who was near completion of a two-year training program. She found the financial aid process very complicated, and often received conflicting information from different staff. With persistence, she eventually received state worker retraining program benefits and WIA supportive services. She said that she would have appreciated it if there were a form of “one-stop shopping” for financial aid services, or at a minimum “an actual list of what financial aid options are available.”

Increasing Effectiveness and Coordination of Financial Aid

In the first two parts of this report, we discussed several of the eligibility and purposes of each program and program structure, with particular attention to program features that affect consolidation. In the third part, we examined the evidence from the site visits regarding the degree to which participants and staff believe that there are problems in accessing training funds and providing enough support to help participants complete their training.

In this section, we synthesize findings from the preceding sections to identify the overall need for consolidation, the possibilities for funding consolidation, and the plausible venues for consolidating financial aid delivery, in particular WorkSource centers and CTCs. We discuss potential benefits of clustering the coordination of information across programs serving dislocated workers, low-income adults and welfare recipients, and disabled workers, as well as the potential obstacles and costs to consolidation based on eligibility considerations. We also discuss voucher and electronic options for better informing customers about financial assistance.

Although workforce development and education programs sectors are highly complementary, they often have fundamentally different missions. Respondents commented that while education builds knowledge for a variety of purposes, workforce development programs are more focused on individuals seeking employment. They noted that the near-term employment focus at WorkSource on the use of labor market information contrasts to educational institutions, which tend to respond more slowly to changes in labor demand. To some extent therefore, these different primary missions can act as a brake on consolidation of workforce and education programs.

To a large extent, major actors within the workforce training system in Washington, particularly WorkSource center programs and community and technical colleges, already closely coordinate program offerings at the local level. The principal coordination method is co-enrollment, and at many of the sites we visited, committees comprised of WorkSource programs and educational institutions already regularly coordinate activities including financial aid reviews for individual cases and strategic planning.

As we discussed, this is particularly true between clusters of programs targeting similar populations, such as dislocated workers served under TAA, WIA dislocated workers, Training Benefits, and Worker Retraining. For persons with disabilities, there is an increasing co-enrollment between Vocational Rehabilitation and other workforce programs, and this has become particularly true after the Division of Vocational Rehabilitation co-located in nine workforce centers under a recent “Disability Navigator” grant. WorkFirst participants, particularly those in longer-term training are also eligible for multiple sources of workforce financial aid, but they have not needed aid from other programs.

Consolidation Options under Current Legislation

In the first two parts of this report, we discussed several of the eligibility issues and targeted groups, with particular attention to program features that affect consolidation issues. In the third part of this report, we examined the evidence from the site visits regarding the degree to which participants and staff believe that there are problems in accessing training funds and providing enough support to help participants complete their training. In this section, we synthesize findings from the preceding sections to identify the overall need for consolidation, the plausible venues for consolidation, namely WorkSource centers or the CTCs, and the potential benefits, obstacles, and costs to consolidation in each.

Consolidation in the Community and Technical Colleges

Two of the programs under study, namely Worker Retraining and a portion of WorkFirst, are currently administered through the community and technical colleges. Respondents suggested that further consolidation within the community and technical college system could potentially have the following benefits:

- Increase worker understanding and access to traditional forms of financial aid.
- Greater access to a range of assessment and academic counseling.
- Closer coordination between basic and occupational skills. In particular, this could benefit persons with low basic skills levels that are most in need of highly coordinated services.

However, for further consolidation of financial aid within the college system, we identified the following regulatory and logistical obstacles:

- **DOL-funded programs.** Department of Labor funded programs all emphasize training services as one option among a package of integrated re-employment services. For both of these programs, an essential component is re-employment

services. In all cases, customers are expected to test the labor market through labor exchange, job-search skill enhancement, and other One-Stop services before considering training. In addition, WIA integrates training into the other services, all of which must be delivered through a One-Stop system.

- **WIA.** The Act mandates that participants in the adult and dislocated worker programs receive at least one core and one intensive service before entering training. This process tests the labor market and winnows down the far larger number of customers that come to WorkSource.
- **WIA** training is generally delivered through Individual Training Accounts that provide customer choice of vendor. Community and technical colleges would have to be neutral brokers to ensure that customers would retain choices outside the college system. Community colleges do, however, appear to play this role successfully in local areas in other states that use their colleges as One-Stop operators.
- **TAA.** The TAA law stipulates criteria for state approval of a training program, including a requirement that no suitable employment is available. Although community colleges could potentially provide documentation of compliance with any of the criteria, the costs of establishing the capacity to do so might outweigh potential benefits.
- **Vocational Rehabilitation.** Most Vocational Rehabilitation participants are categorized as having severe disabilities, and a high proportion of participants have serious learning disabilities or mental health conditions. Little, if any funding is currently available for persons with more moderate disabilities. In terms of Vocational Rehabilitation, considerable consolidation has already occurred through the “Disabilities Navigator” program at several WorkSource centers. Through the provision of specialized counseling and adaptive technology, this program has successfully enabled persons with disabilities to access job matching and job preparedness services through the workforce system. Although WorkSource centers have made considerable progress in standardizing access to persons with disabilities in nine pilot sites, Vocational Rehabilitation respondents cited the need for more consistent agreements with higher education providers on accommodations and other supportive services on campuses.
- **Training Benefits.** Although it is an entirely state-funded program, consolidating the Training Benefits program within the community and technical college system would involve costs associated with coordination with the relevant unit of the Employment Security Department, as access to personal unemployment data is restricted.

Consolidating programs currently administered through the WorkSource system would raise issues for the much larger numbers of WorkSource customers who do not receive training. In particular, because WIA case managers also provide core services at WorkSource centers, to the

extent that consolidation would require reductions of WorkSource staff, the capacity of WorkSource to serve the many non-trainees might be reduced. One alternative, that would preserve levels of service to non-trainees and at the same time potentially increase trainee access to the range of financial aid options, would be increased co-location of WorkSource sites on college campuses. Community colleges commonly act as One-Stop operators in other states but although there are WorkSource affiliate centers in Washington, there are currently no comprehensive sites.

Consolidating in the WorkSource System

Transferring some of the traditional financial aid eligibility counseling functions at WorkSource centers would potentially increase facilitate worker access to financial aid. In some locations, this is already achieved to some extent through the co-location of community and technical college staff at WorkSource offices, and this process could be further generalized, particularly if staff could assist customers with general financial aid questions regarding all training institutions including proprietary schools. In areas in which co-location is not feasible, education and workforce partners could convene regular meetings to discuss questions relating to financial aid, as is currently the situation in several of the locations we visited.

It would not, however, be feasible to transfer all traditional financial aid administration functions to the WorkSource system, as the relocation of college financial-aid staff would create problems for traditional students. Although generalized training for relevant WorkSource staff in the major programs of traditional financial aid would not be very costly, it would be likely that WorkSource staff could develop the level of understanding of the range of financial-aid options that staff of educational institutions possess.

Improving Information Flow

One potential alternative to consolidation under current legislation is increased co-location and coordination of workforce and traditional financial aid. Potentially, this could be achieved through better information sharing on financial aid options and increased coordination between workforce and education partners.

Information on Financial Aid. There is ample scope for improved coordination among workforce and education partners, and in particular for better information on the range of financial aid options for workforce training. In all of the sites we visited, locals were supportive of the idea of having a more complete and easily accessible state database that would provide customers with more complete information about financial aid options. Several respondents indicated that an interactive Web-based system could be used by workforce and education staff as well as customers to provide information about themselves and potential program eligibility.

Indeed, one group of respondents suggested that such a system could eventually have a dual use. It could not only provide information on training and financial aid options to customers, but it could also be developed for use as an intake tool for preliminary determination of financial aid eligibility.²⁷

Coordination among Key Partners. In several instances, we found that co-location of community college staff at the WorkSource and out-stationing of WorkSource staff at community colleges is already increasing the flow and exchange of knowledge on financial aid options. At the service provider level, community college staff attend weekly WorkSource meetings and shares new information on college course offerings and financial aid opportunities.

As an example, in Spokane, WorkSource staff stationed on community and technical college campuses provide opportunities for workers going to the college to seek retraining. Co-location enables them to review worker retraining applications to check for UI, TAA/TRA, low-income programs (for example, WIA adult) programs, and other services available for dislocated or disabled persons, as well as to assist customers with online registration for FAFSA and worker retraining. In Port Angeles, in addition to a coordinating committee for financial aid, there is an advisory committee for the college on worker training and key partners (WIA, WorkFirst, and community college) collaborate extensively to create preconditions for successful training programs.

Coordinating Voucher Payments. Currently, each training vendor has its own forms and processes for training vouchers. Workforce staff indicated that a single voucher system, preferably electronic, would help in streamlining the payment system. This is particularly important in larger urban areas, where there are many training providers. WIA/TAA currently must negotiate different vouchers with each training vendor. In particular, respondents indicated a preference for a system-wide electronic voucher system.²⁸

Potential for Consolidation under Federal Administration Proposals

President Bush's 2007 budget proposal supports the development of "Career Advancement Accounts," which would provide self-managed accounts that would enable current and future

²⁷ However, as we noted above, some CTC and WIA staff felt that such a database should not be used as an authoritative source of information on Pell grants and other complex programs.

²⁸ During data collection for the Best Practices report, SPR staff asked state respondents about electronic options, but no respondents identified any examples.

workers to access education and training.²⁹ Authorizing legislation would target unemployed adults, out-of-school youth, and incumbent workers that require training for advancement or to retain employment. Individuals would apply for an account at a One-Stop career center or through other processes, including online applications, developed by states. Accounts would provide \$3,000 for one year, and could be renewed for a total of \$6,000 over two years. Under the proposed system, individuals would have to use their accounts to pay for expenses directly related to education and training at a state-approved provider. Under the proposal, governors would capture an amount of the administrative costs of each partner employment and training programs and pool the money to be used locally for One-Stop centers and other access points. Monies would be made available to local areas based on a state-developed certification process. Since the accounts do not have WIA requirements to use core and intensive services, this program, if enacted, could prove better suited to consolidation than current WIA programs.

Conclusion

In this report, we have reviewed the program operations and eligibility requirements of six major programs that offer financial aid for worker training. We discussed eligibility issues and funding flows for these programs. We found that of a total program budget of \$275 million, these six programs invest approximately \$90 million, and the average amount of financial aid per participant costs across these programs served is approximately \$2500.

Our site visits revealed a relatively high degree of coordination and leveraging among workforce and education financial aid providers. At the same time, we also identified several potential benefits of consolidation of programs. Benefits of further consolidation within the community and technical college system may include potentially increasing worker access to traditional forms of financial aid, and allowing workforce clients to benefit from the stronger formal assessment capabilities of the education sector. Similarly, transferring some traditional financial aid eligibility counseling functions through either co-location of education partners at WorkSource centers or through training of WorkSource staff in financial aid would potentially increase and facilitate worker access to financial aid.

We identified several legal and logistical barriers to further consolidation within the educational system, particularly for DOL-funded programs. Most importantly, DOL-funded programs, particularly as they are structured under current legislation, all emphasize that training services are to be regarded as only one option among a package of integrated re-employment services.

²⁹ See for example, www.doleta.gov/reports/Career_Advancement_Accounts.pdf

Under WIA specifically, customers are currently expected to test the labor market through labor exchange, job-search skill enhancement, and other One-Stop services before considering training as an option. WIA legislation also indicates that the determination of eligibility for training must be delivered through a One-Stop system. Because of the emphasis on customer choice of vendor, any administrator of training services would need to be perceived as neutral brokers to ensure that customers would retain choices, including those available outside of the community and technical college system. TAA programs must meet a series of criteria including a requirement that the participant lacks marketable skills to gain employment. Although community colleges could potentially provide documentation of compliance with these requirements, the costs of establishing the capacity to do so might outweigh potential benefits.

To an even greater extent than DOL-funded programs, good Vocational Rehabilitation services demand a highly integrated package of services for its customers. Coordination between Vocational Rehabilitation and other workforce and education partners is feasible, and has been implemented through the “Disabilities Navigator” program at nine WorkSource centers, and could conceivably be extended to the community college system. However, block-granting Vocational Rehabilitation funds to either the WorkSource system or the community college system would present considerable difficulties. The program is tailored to individual needs, and substantial support services are required, which neither the WorkSource system nor the community college system would be likely to have the expertise to provide.

Two programs that are currently administered by the Employment Security Department, the Training Benefits program and the Trade Readjustment Assistance (TRA) program for Trade Act-eligible clients. Both programs provide additional benefits to persons in training, or in the case of basic TRA, for persons seeking employment that have obtained training waivers. Because benefit amounts for these programs are based on unemployment insurance, any consolidation of these programs would likely involve costs associated with coordination with ESD’s UI tele-centers, as access to personal unemployment data is highly restricted.

We discussed several alternatives to consolidation including: greater formalization of systems coordination of services and referrals; the provision of information on financial aid including electronic options; through increased co-location particularly between workforce and education agencies; and through modernization and standardization of vendor payment methods. According to our field research, there are clear benefits to such coordination and information-sharing. In those locations where education and workforce agency providers are co-located, or when these partner groups regularly meet to discuss training and financial aid issues, workers benefit from increased access to a range of financial aid options. Drawing on the Governor’s WIA discretionary funds, state general funds, and other program funding, the state could sponsor

efforts toward coordination of workforce and traditional financial aid, including the development of interactive electronic access on the range of financial aid and eligibility requirements.

As we have described in this report, there are however substantial barriers—the Administration’s proposed Career Advancement Accounts notwithstanding—to further consolidation of the programs studied in this report, not only in terms of current legislative requirements, but also in the capacity of individual organizations to administer the full range of services that are required to move all customers into sustainable employment.